

**REMARKS**

Claims 1-38 had been pending in the Office Action and were rejected over the prior art. In particular, claims 1-15, 18-19 and 21-38 were rejected under 35 U.S.C. § 102(e) as being anticipated by Lowthert, 2002/0100043. Claims 16, 17 and 20 were rejected as being directed to subject matter that would have been obvious from Lowthert in combination with Macrae, 2004/0103439. In the present amendment, we have canceled claim 10 and have amended the independent claims (claims 1, 15, and 22) and several of the dependent claims, to clarify the claimed subject matter. In view of the amendments, the Examiner is respectfully urged to reconsider the application and to withdraw the rejections.

Applicants' undersigned attorney would like to thank Examiner Shang for his courtesy in participating in a telephonic interview on February 13, 2007. We agreed that the Examiner would need to update his search but that the present amendments appeared to patentably distinguish the claimed subject over the cited art. In addition, we agreed that, should the Examiner upon further review of the claims feel that the claim language was unsupported by the specification as originally filed, he would call applicants' undersigned attorney to discuss the matter further.

In sum, the claims as presently amended are believed to recite subject matter which is patentable over the prior art of record. Among other things, the invention as claimed provides a method of providing a consumer with entertainment content coupled with updated advertising. As recited in claim 1, the inventive method comprises providing player devices to customers for use by the customers at customer locations, distributing entertainment content pre-recorded on entertainment content storage media, which include insertion points for advertisements, and periodically distributing advertisements pre-recorded on

**DOCKET NO.:** IVOO-0071  
**Application No.:** 10/072,471  
**Office Action Dated:** October 6, 2006

**PATENT**

advertisement storage media, etc. The present claims also recite a player device for generating audio-visual signals representative of entertainment content with advertisements.

Should the Examiner have any questions or concerns in further reviewing the application, he is respectfully invited to call applicants' undersigned attorney directly at **206.332.1384** to discuss any issues that might be resolved via telephonic interview.

Respectfully submitted,

Date: February 14, 2007

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